

## Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EB-03 SP-02 INR-05

CIAE-00 PRS-01 L-01 NEA-06 H-01 SNM-02 SIL-01 /048 W

----- 079253

R 151245Z FEB 75

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 6945

C O N F I D E N T I A L SECTION 1 OF 3 KINGSTON 637/1

LIMDIS

EO 11652: GDS

TAGS PFOR, PINS, ECON, EINV, SNAR

SUBJECT: MEETING WITH FINANCE MINISTER COORE

I CALLED ON DEPUTY PRIME MINISTER AND MINISTER OF FINANCE  
DAVID COORE AT HIS HOUSE THE EVENING OF FEBRUARY 11 FOR  
A ONE HOUR TOURD'HORIZON FOLLOWING HIS TRIP TO WASHINGTON  
FOR IMF AND IBRD BOARD MEETINGS. HIGHLIGHTS AS FOLLOWS:

1. WASHINGTON: COORE REGREETED THAT HIS WASHINGTON  
VISIT HAD BEEN CUT SHORT AND HIS FREE TIME CURTAILED BY  
HAVING TO PRESIDE UNEXPECTEDLY AT A MEETING HIS LAST  
DAY SO THAT HE HAD BEEN UNABLE TO MAKE THE CALLS PREVIOUSLY  
ARRANGED WITH THE DPEARTMENT ON ASSISTANT SECRETARIES ROGERS,  
ENDERS AND OTHERS. HE FELT AMBASSADOR FLETCHER HAD ONE  
A FINE JOB AND WAS SORRY HE WAS LEAVING FOR PERSONAL  
REASONS AT A MOMENT WHEN HE HAD DEVELOPED A GOOD  
RAPPORT AND HIS SERVICES WERE NEEDED. I ASKED WHO  
WOULD REPLACE HIM, AND COORE SAID NO FINAL DECISION  
HAD BEEN MADE BUT THAT FORMER UN AMBASSADOR KEITH  
JOHNSON SEEMED LIKE A LOGICAL CHOICE. I REFERRED TO  
RUMORS ABOUT TONY HILL, AND HE AGREED THAT HILL, WHILE  
A MOSTPROMISING YOUNG MAN, DID NOT YET HAVE THE  
STROKE REQUIRED FOR SUCH AN IMPORTANT JOB.

2. WORLD ECONOMICS: COORE EXPRESSED SATISFACTION WITH  
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THE PROGRESS MADE AT THE WASHINGTON MEETINGS AND SAID

HE WAS SURPRISED AT THE FLEXIBILITY WHICH HAD BEEN DEMONSTRATED BY EXISTING INSTITUTIONS AND THE BANKING SYSTEM IN GENERAL, IN HANDLING THE RECYCLING OF PETRO DOLLARS. HE SOMEWHAT WRYLY SAID THIS WOULD BE COMPLICATED IF THE ARABS PERSISTED IN THEIR EXPRESSED DESIRE TO USE NON-JEWISH BANKS. HE AGREED THAT THE MAJOR PROBLEM OF RECYCLING TO THE LDC'S HAD YET TO SOLVED AND THAT JAMAICA WAS IN A PARTICULARLY DIFFICULT SITUATION IN NOT MEETING LDC CRITERIA ON A PER CAPITA INCOME BASIS EVEN IF BAUXITE-RELATED INCOME WERE ELIMINATED FROM THE CALCULATION. HE SAID HE WAS WELL AWARE OF THE PRIORITY NEEDS OF BANGLADESH AND OTHER PERENNIAL DISASTER AREAS. HE THOUGH 1975 WAS GOING TO BE A HARD YEAR INDEED FOR THE WORLD, BUT WAS OPTIMISTIC IF WE SURVIVED IT

3. JAMAICAN ECONOMICS: HE WAS IN THE PROCESS OF PUTTING TOGETHER THE BUDGET, AND IT WAS PROVING A DIFFICULT EXERCISE. I REAISED SOME CONCERN ABOUT THE IMMEDIATE FUTURE IN TERMS OF CURRENT ACCOUNT, BALANCE OF PAYMENTS, AND JAMAICA'S EXCESSIVE DEPENDENCE ON HIGH-COST SHORT AND MEDIUM TERM BORROWING. THE MINISTER SAID THIS WAS THE PROBLEM WHICH ESPECIALLY CONCERNED HIM AND THAT SOME SOURCE WOULD HAVE TO BE FOUND OF FUNDS ON A MORE CONCESSIONAL BASIS THAN OZNCOMMERCIAL RATES, ALTHOUGH HE NOTED WITH SATISFACTION THAT INTEREST RATES WERE GOING DOWN SOMEWHAT.SOME DIFFICULT DECISIONS WOULD HAVE TO BE MADE AFTER THE BUDGET WAS FINALIZED. HE NOTED THAT JAMAICA HAD A WINDFALL IN SUGAR(CENTRAL BANK ESTIMATES J DOLS 160-170 FOR 1975 VS J DOLS 68 FOR 1974) AND WAS PLEASED THAT THERE HAD BEEN MAJOR SALES TO THE U.S. HOWEVER, THIS WAS NOT A LONG TERM SITUATION, AND HE WONDERED WHETHER U.S. WOULD BE CONSIDERING A NEW SUGAR ACT TO REGULARIZE THE PRESENT MARKET. I SAID I HAD NO IFORMATION ON THE INTRODUCTION OF ANY BILL BUT PERSONALLY THOUGHT THERE SHOULD BE THE POSSIBILITY OF ONE IF FOR NO OTHER REASON THAN TO ESTABLISH CANE VS BEET PRODUCTION RATIONS. (NOTE: DEPARTMENT COMMENT WOULD BE APPRECIATED.). GERARD

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EB-03 SP-02 INR-05

CIAE-00 PRS-01 L-01 NEA-06 H-01 SNM-02 SIL-01 /048 W

----- 079329

R 151430Z FEB 75

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 6946

C O N F I D E N T I A L SECTION 2 OF 3 KINGSTON 637/2

LIMDIS

4. EDUCATION LOAN: COORE INQUIRED AS TO STATUS OF THIS LOAN (9.1 MIL DOLS). I TOLD HIM THAT THE DRAFT AGREEMENT HAD BEEN GIVEN TO THE MINISTRY OF EDUCATION AND THAT IT WAS MY UNDERSTANDING THAT COMMENTS OR APPROVAL WAS NOW REQUIRED FROM THE FINANCE MINISTRY. HE SAID HE WOULD LOOK INTO ITS CURRENT STATUS. AT THIS POINT, I TOLD THE MINISTER THAT QUITE FRANKLY MY OWN AND MY EMBASSY'S ABILITY TO BE HELPFUL TO JAMAICA IN MANY AREAS, PURELY APART FROM THIS LOAN, SUCH AS OPIC MATTERS, REQUESTS FOR FINANCING FROM EXIMBANK, AIR JAMAICA'S CERTIFICATE AND ROUTES, ETC., HAD BEEN SEVERLY LIMITED BY UNCERTAINTIES SURROUNDING THE BAUXITE NEGOTIATIONS, AND CONCERNS WHICH WERE QUITE PROPERLY RAISED IN CONGRESS, AND MY OWN AND OTHER DEPARTMENTS OF THE USG, REGARDING JAMAICA'S ACTIONS AND INTENTIONS. THE MINISTER SAID HE UNDERSTOOD THIS AND THAT IT WAS A MAJOR REASON HIS GOVERNMENT WANTED TO CONCLUDE THE BAUXITE TALKS AS SOON AS POSSIBLE. HE FELT THAT JAMAICA AND THE U.S. HAD MANY AREAS OF COMMON INTEREST WHICH HAD BEEN NEGLECTED. I AGREED.

5. OPIC AND U.S. INVESTMENT: I MENTIONED IN THE ABOVE CONNECTION AS AN EXAMPLE, THE CURRENT APPLICATION OF L. JOSEPH AND COMPANY FOR 1.5 MILLION DOSL GUARANTEE ON A FEED PLANT, EXPECTED, AMONG OTHER THINGS, TO STIMULATE THE GROWING OF SOYBEANS IN JAMAICA, A WORTHY  
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OBJECTIVE. THE MINISTER SAID THAT HE HAD HAD CONVERSATIONS WITH OPIC PREVIOUSLY AND HAD NOT BEEN AWARE OF

ANY PROBLEM THEY MIGHT HAVE HAD IN PROVIDING INSURANCE FOR JAMAICAN PROJECTS. AS A MERE LAWYER, HE WAS NOT ESPECIALLY UP ON SOYBEANS IN JAMAICA TECHNICALLY, BUT THAT HE WAS AWARE OF THE PROJECT, THOUGHT IT A GOOD ONE, AND HOPED IT COULD GO FORWARD. HE SAID THAT JAMAICA WELCOMED AMERICAN INVESTMENT AND THAT THEY SHOULD NOT BE DETERRED BY WHAT I CHARACTERIZED AS AN EXCESSIVE AMOUNT OF ANTI-CAPITALISTIC RHETORIC RECENTLY WHICH MADE POTENTIAL INVESTORS NERVOUS AND HAD, IN FACT, FRIGHTENED AWAY A NUMBER OF LOCAL INVESTORS, MANY OF WHOM HAD EMIGRATED. HE HOPED THAT THEY WOULD COME AND TALK TO HIM OR THE PRIME MINISTER, WHO WOULD GIVE THEM ASSURANCES OF FAIR TREATMENT. IF THERE WERE EVER ANY NATIONALIZATION, HE SAID THAT JAMAICA INTENDED TO PAY A FAIR PRICE. NEW INVESTORS, HOWEVER, WERE EXPECTED TO MAKE "MODERN" DEALS INVOLVING HOST COUNTRY PARTICIPATION, UNLIKE THE ORIGINAL BAUXITE DEALS.

COORE FURTHER SAID THAT THREE YEARS HAD BEEN WASTED IN UNSATISFACTORY CONVERSATIONS WITH THE PILLSBURY COMPANY OVER EXPANSION OF VITALLY-NEEDED FLOUR MILL CAPACITY AND THAT THIS COMPANY HAD BEEN EXTREMELY UNFLEXIBLE AND INTRACTABLE

6. NARCOTICS: THE MINISTER SAID THAT HE HAD BEEN MOST PLEASED WITH THE COOPERATION BETWEEN US ON "OPERATION BUCCANEER" AND HOPED THAT IT COULD BE CONTINUED. I SAID THAT PLANS WERE NOW BEING MADE, THAT I WOULD BE SEEING MINISTER MATALON LATER IN THE WEEK, AND THAT IT APPEARED PROBABLY THAT OUR JOINT ACTIVITIES IN THIS AREA WOULD CONTINUE, THOUGH AT A CONSIDERABLY REDUCED LEVEL. HE SAID HE WAS CONCERNED AT THE POSSIBILITY THAT HARD DRUGS MIGHT BECOME A PROBLEM IN JAMAICA. HE ALSO FELT THAT CRIME IN GENERAL HAD INCREASED LATELY, THOUGH THIS WAS A CYCLIC MATTER AND THAT THE PRESENT HIGH LEVEL WOULD NOT CONTINUE.

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7. FARM LABOR PROGRAM AND VISAS: THE MINISTER EXPRESSED THE HOPE THAT THE WEST INDIES FARM LABOR PROGRAM WOULD BE CONTINUED AS IT WAS IMPORTANT FOR JAMAICA. HE WAS CONCERNED THAT IT MIGHT BE CURTAILED AS THE RESULT OF GROWING UNEMPLOYMENT IN THE U.S. I SAID THAT, WHILE THE PROGRAM HAD BEEN UNDER ATTACK FROM VARIOUS QUARTERS, ESPECIALLY THE FARM WORKER'S UNION, I WAS NOT AWARE OF ANY CONTEMPLATED CURTAILMENT SINCE THE TYPE OF LABOR PERFORMED WAS SOMEWHAT SPECIALIZED.

HOWEVER, THE POSSIBILITY COULD NOT BE EXCLUDED. I THEN SAID THAT THERE WAS INCREASING CONCERN IN THE U.S. OVER ILLEGAL IMMIGRANTS WHICH INCLUDED MANY FARM WORKERS, AND THAT THIS MIGHT CAUSE DIFFICULTIES FOR BOT OF US. IN ANSER TO HIS QUERYAS TO THE NUMBERS INVOLVED, I SAID THSE WERE DIFFICULT TO ESTIMATE, BUT THAT RECENT ARTICLES IN THE PRESS HAD SPOKEN OF AN ANNUAL INFLOW OF UP TO 2.4 MILLION (U.S. NEWS AND WORLD REPORT, FEBRUARY 3, 1975) AND THAT THE ILLEGAL JAMAICAN POPULATION HAD BEEN ESTIMATED AT BETWEEN 300 AND 500 THOUSAND. THE MINISTER WAS SURPRISED AT THESE FIGURES AND SAID HE COULD WELL UNDERSTAND THE PROBLEM. I ALSO TOLD HIM I THOUGHT IT MIGHT BE POSSIBLE THAT WE WOULD HAVE TO SCRUTICNIZE MORE CAREFULLY NON-IMMIGRANT VISA APPLICATIONS. HE INDICATED THAT HE UNDERSTOOD THE NEED FOR THIS. GERARD

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INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 EB-03 SP-02 INR-05

CIAE-00 PRS-01 L-01 NEA-06 H-01 SNM-02 SIL-01 /048 W

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R 151500Z FEB 75

FM AMEMBASSY KINGSTON

TO SECSTATE WASSHDC 6947

C O N F I D E N T I A L SECTION 3 OF 3 KINGSTON 637/3

LIMDIS

8. ELECTIONS AND RELATED MATTERS: I ASKED THE MINISTER FOR ANY COMMENTS HE MIGHT WISH TO MAKE BT THE GENERAL COURSE OF THE GOVERNMENT, SAYING THAT, ALTHOUGH I HAD ONLY BEEN HERE NINE MONTHS, I HAD NOTICED AN INCREASINGLY STRIDENT INSISTENCE BY THE GOVERNMENT ON ITS OWN SPECIAL BRAND OF SOCIALISM AND THAT I DID NOT UNDERSTAND THE NECESSITY FOR THIS IN VIEW OF THE SEEMINGLY SECURE POSITION AND MAJORITY IT ENJOYED. COORE THEN EMBARKED ON A RATHER LENGTHY REVIEW OF THE PNP POSITION AS HE SAW IT, EXPLAINING

THAT WHILE HE THOUGHT THEY WERE INDEED SECUR\*SIG\*Z\*\*\*3J\*\*XI\*\*P\*\*\*\*\*0\*6\*0\*\*\*  
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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, DIPLOMATIC DISCUSSIONS, POLITICAL SUMMARIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 FEB 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975KINGST00637  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750057-0622  
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**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 SEP 2003 by greeneet>; APPROVED <05 NOV 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MEETING WITH FINANCE MINISTER COORE I CALLED ON DEPUTY PRIME MINISTER AND MINISTER OF FINANCE  
**TAGS:** PFOR, PINS, ECON, EINV, SNAR, OVIP, (COORE, DAVID)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006